

Canada: An Investor's Overview

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Essential Facts

About Canada's Geography and People

Canada occupies the northern half of the North American continent, with the exception of Greenland, Alaska, and the French islands of St-Pierre and Miquelon. It is the second largest country in the world, with a land

mass approaching ten million square kilometres (over 3.8 million square miles). The vast majority of Canada's 35 million people live in the southern third of the country. English and French are Canada's official languages, with French predominating in the province of Quebec, and English predominating elsewhere. Many other languages are also spoken, reflecting the vast number of immigrants that the country has attracted, and continues to attract, from every corner of the globe.



Province (*Territory)	Pop. ('000)	Area ('000 km)	Capital	Largest City
Newfoundland & Labrador	526	405	St. John's	St. John's
Nova Scotia	944	55	Halifax	Halifax
Prince Edward Island	146	6	Charlottetown	Charlottetown
New Brunswick	755	73	Fredericton	Saint John
Quebec	8,236	1,542	Quebec City	Montréal
Ontario	13,730	1,076	Toronto	Toronto
Manitoba	1,271	648	Winnipeg	Winnipeg
Saskatchewan	1,129	651	Regina	Saskatoon
Alberta	4,146	662	Edmonton	Calgary
British Columbia	4,658	945	Victoria	Vancouver
*Nunavut	37	2,093	Iqaluit	Iqaluit
*Northwest Territories	44	1,346	Yellowknife	Yellowknife
*Yukon	36	482	Whitehorse	Whitehorse
Canada	35,676	9,985	Ottawa	Toronto

Populations are December 2014 estimates, courtesy of Statistics Canada. Area figures courtesy of Natural Resources Canada.

The following cities are among Canada’s leading business centres. A selection of some of their most significant areas of economic activity is included in the table:

Metropolitan Area	Pop. ('000) ¹	Representative Industries
Toronto, Ontario (GTA)	6,815	Financial, Manufacturing, High Technology, Communications, Entertainment, Automotive, Biotech, Health
Montréal, Quebec	4,061	Financial, Petrochemical, Aerospace, Manufacturing, Health, Biotech and other High Technology, Pharmaceutical, Textiles
Vancouver, British Columbia	2,504	Financial, Forestry, Entertainment, High Technology, Transport
Calgary, Alberta	1,440	Energy, Financial, Agricultural, Transport, High Technology
Ottawa-Gatineau, Ontario-Quebec	1,332	High Technology, Manufacturing
Edmonton, Alberta	1,363	Energy, Manufacturing, Agricultural, Transport, Biotechnology
Winnipeg, Manitoba	793	Manufacturing, Agricultural, Financial, Transport, Textiles
Québec City, Quebec	806	Financial, Health, Transport
Hamilton, Ontario	771	Manufacturing, Health
Kitchener-Cambridge-Waterloo, Ontario	511	High Technology, Manufacturing
London, Ontario	506	Health, Manufacturing, Financial
Halifax, Nova Scotia	418	Transport, Financial, Energy

The Canadian offices of Stikeman Elliott are located in Toronto, Montréal, Vancouver, Calgary and Ottawa.

About Canada’s History

Much of present-day Canada was under the control of France until 1763. Four years earlier, British forces under General James Wolfe had defeated the French under the Marquis de Montcalm at the Plains of Abraham in Quebec City, beginning the end of the period of French rule. The basic duality of Canada – that is, as between English and French speakers – has shaped the country’s history, politics and culture ever since. Under the *Quebec Act* of 1774, various rights with respect to language, religion and civil law were granted to the large French-speaking population of the modern-

¹ July 1, 2016 estimates, courtesy of Statistics Canada.

day province of Quebec. From 1791 to 1841, Ontario (formerly the thinly-populated western frontier of the French territories) and Quebec were separately governed as “Upper Canada” and “Lower Canada”, respectively. Pursuant to the 1840 *Act of Union*, however, the two were united as the Province of Canada.

Canada gained its independence from the United Kingdom in stages. The colonial provinces of Canada, Nova Scotia and New Brunswick united to form the self-governing Dominion of Canada in 1867, an event referred to by Canadians as “Confederation”.

The *British North America Act* – later renamed the *Constitution Act, 1867*, but still popularly known as the *BNA Act* – was the foundational constitutional instrument. (Among other things, the *BNA Act* once again divided the Province of Canada in two, as “Ontario” and “Quebec”). It was not until the *Statute of Westminster 1931*, however, that Canada became fully responsible for its relations with other countries, and only in 1982 did the United Kingdom relinquish its remaining (though long unexercised) jurisdiction over Canadian constitutional law.

In the years following Confederation, Canada grew to include ten provinces, including Manitoba (1870), British Columbia (1871), Prince Edward Island (1873), Alberta (1905), Saskatchewan (1905), and Newfoundland & Labrador (1949). In the far north are the Yukon Territory and Northwest Territories, the eastern and northern portion of which became the territory of Nunavut in 1999.

Canada’s Government and Legal System

General

Canada is a parliamentary democracy, a federal state and a constitutional monarchy. In this section, we will consider these aspects of the Canadian governmental system, together with the Canadian legal system.

Parliamentary Democracy

The Legislative and Executive Functions

Canada has a parliamentary form of government. The national Parliament, which sits in Ottawa, includes an upper and a lower chamber – the Senate and the House of Commons, respectively. The Senate, whose membership is appointed to age 75, plays a relatively limited part in the political process. Real legislative power rests almost exclusively in the elected House of Commons, whose 308 members (set to rise to 338 members for the next election) are known as *Members of Parliament* or *MPs*. MPs represent single-member geographical constituencies, which Canadians often call *ridings*. Typically, the political party with the largest number of MPs in the House of Commons forms the government. The Prime Minister (the political leader of the country) is the MP whom that party has chosen as its leader. Executive power

is concentrated in the federal Cabinet, whose members include the Prime Minister and those other MPs chosen by the Prime Minister to head the various departments of the federal government.² Members of the Cabinet are known as *Ministers* and are usually styled *Minister of Finance*, *Minister of Justice* and so forth. Senators may hold Cabinet positions, including the Prime Ministership, but with the exception of the *ex officio* cabinet position occupied by the Government Leader in the Senate, this is uncommon.

How Government Policy Is Formed

A significant difference between the Canadian parliamentary system and the congressional system found in the U.S. and other countries is the absence of a strict separation between the executive and the legislature. The Prime Minister and other members of the cabinet are themselves legislators and – significantly – it is the convention in Canada that MPs of the governing party vote in favour of all elements of their party’s legislative agenda. Because this convention is only rarely breached,³ lobbying efforts in Canada tend to be directed toward cabinet and parliamentary committees at the policy formation stage rather than toward legislators at the voting stage.

Political Parties

Canada has several political parties, with some active only in one province or region, while others operate nationally. The principal parties at the federal level, in order of their current representation in the House of Commons, are the Liberal Party of Canada, Conservative Party of Canada, the New Democratic Party of Canada (NDP), the Bloc Québécois (BQ) and Green Party of Canada. While the NDP and BQ are mildly leftist in their politics and the Conservative Party is somewhat to the right, all of the major Canadian political parties tend to be basically centrist, pragmatic, and open to business investment.

Generally, wings of the Liberal, Progressive Conservative (PC) and NDP parties dominate political life in the provinces. However, not all are active in each province, and a number of regional parties, such as the *Parti Québécois* (PQ) in Quebec and the Saskatchewan Party in Saskatchewan, hold seats (and in some cases a majority of seats) in certain provinces.

The Prime Minister

The current Prime Minister of Canada is the Right Honourable Justin Trudeau, leader of the Liberal Party of Canada.

² The federal Cabinet is sometimes formally referred to as the “Governor in Council”.

³ It is breached less frequently in Canada than it is even in related parliaments such as that of the United Kingdom.

Federal State

General

Canada is a federal state in which legislative authority is constitutionally divided between one national and thirteen local jurisdictions. Canada's ten principal local jurisdictions are known as provinces. The governments of the three sparsely populated northern territories exercise many of the powers of provincial governments. In addition, the provinces and territories delegate certain powers to cities, towns, and other municipalities, effectively creating a third level of government. The governments of the provinces are generally similar in form to the federal government, although the provinces have unicameral parliaments – there being no equivalent of the Senate at the provincial level – and generally use different names for their political entities, notably the names “Legislative Assembly”,⁴ “Premier” and “MLA”,⁵ which generally take the place, in provincial contexts, of the federal terms “Parliament”, “Prime Minister” and “MP”, respectively.

Division of Powers

The constitutional division of powers in Canada is complex, but as a general rule the federal government has jurisdiction over matters of national and international importance, while the provinces have jurisdiction over matters of local importance. For example, the federal government has authority over trade and commerce, criminal law and intellectual property, while the provinces have authority over property law and, generally speaking, over the law of contract. With respect to property and contract matters, it is important to note that while English common law forms the basis of the private law of most of Canada, the province of Quebec is a civil law jurisdiction.

Constitutional Monarchy

Canada is a constitutional monarchy, although Canada's continuing recognition of Queen Elizabeth II as head of state has more symbolic than practical significance. When she is not present in Canada, the Queen's ceremonial functions in Canadian public life are performed by her Canadian representative, the Governor General. The current Governor General of Canada is His Excellency the Right Honourable David Johnston.

Legal Systems

As noted above, two distinct legal systems exist in Canada. In the largely French-speaking province of Quebec, private law is established by a *Civil Code* conceptually similar to that of France and other continental European countries. The other

⁴ In Quebec, “National Assembly”; in Newfoundland, “House of Assembly”.

⁵ In Ontario, “MPP”; in Quebec, “MNA”; in Newfoundland, “MHA”.

provinces and territories are common law jurisdictions. While historically the common law provinces of Canada have tended to attach more importance to British than to American precedent, in recent years American case law has become increasingly influential with Canadian courts and legislators, particularly with respect to commercial matters.

Further Information

For further general information about Canada, we recommend the Canadian Government's website at www.gc.ca, which provides links to government departments and programmes as well as to the official websites of Canada's provinces and territories. Additional statistical information may be found on the website of Statistics Canada at www.statcan.gc.ca. Regular updates concerning Canadian legal developments may be found on Stikeman Elliott's website: www.stikeman.com

About the Firm

When Heward Stikeman and Fraser Elliott first opened the firm's doors in 1952, they were united in their pledge to do things differently to help clients meet their business objectives.

In fact, they made it their mission to deliver only the highest quality counsel as well as the most efficient and innovative services in order to steadily advance client goals.

Stikeman Elliott's leadership, prominence and recognition have continued to grow both in Canada and around the globe. However, we have remained true to our core values.

These values are what guide us every day and they include:

- Partnering with clients – mutual goals ensure mutual success.
- Finding original solutions where others can't – but they must also be grounded in business realities.
- Providing clients with a deep bench of legal expertise – for clear, proactive counsel.
- Remaining passionate about what we do – we relish the process and the performance that results from teamwork.

A commitment to the pursuit of excellence – today, tomorrow and in the decades to come – is what distinguishes Stikeman Elliott when it comes to forging a workable path through complex issues. Our duty and dedication never waver.

This is what makes Stikeman Elliott the firm the world comes to when it counts the most.

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